

MEMORANDUM

ASSOCIATION OF BAY AREA GOVERNMENTS **Agenda Item #3**

Representing City and County Governments of the San Francisco Bay Area

Attachment A



SUMMARY MINUTES

ABAG Power Executive Committee Teleconference Meeting 2008-01

February 20, 2008

Metro Center, 101 8th Street, Oakland, CA 94607

WELCOME AND INTRODUCTIONS

Vice-Chairman John Cerini opened the meeting with introductions at 12:05 p.m.

Committee Representatives

John Cerini, Vice-Chairman (via phone)
Terry Mann (via phone)
Jennifer Mennucci
Ron Popp (via phone)
Chris Schroeder

Jurisdictions

City of Vallejo
County of Contra Costa
Golden Gate Bridge District
City of Millbrae
City of Milpitas

Members Absent

Ed Buonaccorsi, Chairman
Raj Pankhania

City of Santa Rosa
City of Hercules

Staff Present

Joseph Chan
Henry Gardner
Jerry Lahr
Vina Maharaj
Kenneth Moy

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PUBLIC COMMENTS & ANNOUNCEMENTS

There were no public comments.

Jerry Lahr provided an update on the Handouts which included several news articles and an update on the Local Government Sustainable Energy Coalition (LGSEC).

APPROVAL OF SUMMARY MINUTES OF DECEMBER 12, 2007 MEETING

Motion was made by Mann/S/Mennucci/C/5:0:0 to approve the Summary Minutes of December 12, 2007 Executive Committee Meeting.

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REPORT ON NATURAL GAS PROGRAM

Monthly Summary of Operations

Lahr provided the members with the Monthly Summary of Operations report for FY 2007-08. ABAG POWER is maintaining a positive cumulative savings percentage as compared to PG&E starting with this current financial year. He said that this was not a good time to rush into purchasing long-term gas contracts as prices are not favorable.

Lahr mentioned that ABAG POWER has been showing a positive imbalance against PG&E at this time. The imbalance is relatively higher which is outside the preferred range set by the Committee. However, this provided an excellent opportunity to trade some of the imbalance gas (purchased earlier at a lower price) into storage and using it at this time when prices are reasonably high.

Staff is attempting to bring the Operating Imbalance within the desired parameters set by the Committee, i.e. +1.0% to -2.0% of annual usage.

Gas Hedge Chart

Lahr provided a chart showing ABAG POWER's long-term gas purchases. He is now looking to purchase a two to three year contract starting from July, 2008, however he believes this is not the right time to purchase due to high gas prices. ABAG POWER will continue to watch the market for advantageous purchasing opportunities.

Gas Price Comparison

Lahr provided the members with a Gas Price Comparison chart. This chart illustrates a complete five-year data on how ABAG POWER's savings percentage compared with PG&E's. ABAG POWER showed a positive savings against PG&E for four out of the last five years. The year 2006 was the only year when there was a negative savings against PG&E.

GAS SCHEDULER CONTRACT

Lahr provided a brief description of the duties of the Gas Scheduler and the RFP process by which ABAG POWER had acquired its current contract. ABAG POWER's current contract with IGS will expire June 30, 2008. There was a discussion on the options for renewal and/or request for proposals.

There was a general consensus amongst the committee of keeping the gas scheduling services separate from the gas supplier element, and going forward with a request for proposal to begin the process of selecting a Gas Scheduler by June, 2008.

MID-YEAR BUDGET REVIEW

Lahr provided the members with an Income Statement and a Monthly & Cumulative Usage Summary. He reviewed the current fiscal year budget and said that overall ABAG POWER looks very good and is operating below its budgeted expenses.

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2007 FINANCIAL REPORTS

Joseph Chan presented an audited financial report for FY 2006-07, which included an Auditor's management letter.

Motion was made by Schroeder/S/Mennucci/C/5:0:0 to approve the audited financial reports as presented.

NEW PROGRAM DEVELOPMENT

Lahr provided the following documents to members and mentioned that while these were already provided earlier via email, they are now being added to the agenda officially:

- New Program Survey Results Memo to Members
- Solar Survey
- Solar Survey Summary Results
- Utility Bill Analysis Memo

Solar Program

He provided a history of the development so far and presented an outlook of a potential Solar program by ABAG POWER in the future.

The Public Utilities Commission during its planning cycle has indicated that they are looking for a more integrated approach to energy efficiency. Lahr said it is his intent to propose that PV installation be included in their future funding programs. However, this wouldn't start until calendar year 2009.

Meanwhile, in discussion with Energy Solutions, Lahr proposed doing a pilot project for entities that are willing to come up with the initial funding for a solar feasibility study (approximately \$10,000). The idea is that in this initial phase Energy Solutions will contract directly with the entity to do the study. The study would provide information such as solar viability for specific sites and/or other specific requirements by the entity. This study would be independent of an actual installer coming out and doing installations.

Lahr said that based on information from the survey he had identified six potential jurisdictions who may wish to take part in the pilot project with Energy Solutions. He would like to move forward with the pilot project with these entities to build a framework as a means to get the project moving forward. Along with the pilot project, ABAG POWER would like to start a RFP process to identify PV installers.

Utility Bill Analysis

Lahr provided the members with an analysis, objective, implementation and challenges of this possible new program concept. After some discussions, it was decided to carry this item to the next meeting when Chairman Ed Buonaccorsi could take part in the discussions.

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CLOSED SESSION

Conference with Legal Counsel – Existing Litigation [Govt. C. Sec. 54956.9(a)]

- Natural Gas Market Manipulation Litigation

It was reported out of closed session that a report was provided by Legal Counsel, Ken Moy to the Executive Committee on the above matter. No actions were taken.

ADJOURNMENT

Vice-Chairman Cerini adjourned the meeting at 1:40 p.m.

/vm

*Example of a motion – *[Member No. 1/S/Member No. 2/roll call vote/C/8:0:0]* means Member No.1 motions, seconded by Member No.2, after roll call vote, motion carries, 8 = “yes” votes, 0 = “no” votes and 0 = abstentions